



**Swiss Quality Consulting Services in Russia.**  
14 September 2020

**quality  
partners.**  
business solutions partners.



# Locations.

st. petersburg

moscow



# Andreas Bitzi.

## Founder/Managing Director

- 12 years of experience in consulting market in Russia, supporting foreign business.
- Founded quality partners end of 2017.
- Track record in finance, tax & ERP in industrial companies and a leading global IT company.
- Procurement, project & process analysis, optimization, financial planning & analysis, budgeting, tax planning, liquidity planning, project valuation, stock optimization, refinancing projects.
- Master of Science in business administration, University of Bern
- Passed level II of the Chartered Financial Analyst (CFA) Exam.
- Languages: RU, EN, DE, FRA, ESP.

### External presence:

- Chairman of the SME Committee of the Association of European Businesses (AEB)
- Deputy Chairman of the AEB in the Northwest.
- Board Member JCC Joint Chambers of Commerce Switzerland/CIS + Head of Russia Chapter
- Board Member of Graduate School of Management Int. Bachelor Programme, SPb University.
- Guest lecturer at SPb University on practical business issues and macroeconomics.
- Frequent speaker at events on business in Russia with AEB, AHK, Gim-Unimpresa, Switzerland Global Enterprise, etc.
- Member of compliance committee of AHK



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# Irina Krasheninnikova.

## Member of the Management Team, VP HR

- Advisory and guidance on HR matters to top-management (including T&D, C&B and HR Operations matters);
- Building and maintaining corporate culture with focus on key values: efficiency, team work and constant personal development.
- Advice and guidance on HR, Payroll, Development matters, migration.
- HR audits and efficiency analysis, policies implementation & optimization
- Onboarding, adaptation, retention, mediation.
- Performance management (incl. 360 degrees, SMART goals assessment);
- Recruiting (Finance, Admin, Sales, BD, General management, Top management).
- Irina is supported by an HR Expert.
- Languages: RU, EN.

### External presence:

- Chairperson of the Saint-Petersburg HR Committee at AHK.
- Member of the Education programs' Board at the SPb University.
- Invited tutor at the Saint-Petersburg State University.



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# Olga Konovalova.

## Member of the Management Team, VP Finance

- 15+ years of experience in accounting, finance, taxation and internal auditing.
- 10+ years of experience in managing accounting department.
- Responsible for accounting outsourcing department (13 colleagues under direct/indirect supervision).
- Full accounting outsourcing projects.
- Projects on optimization of accounting / finance departments.
- Accounting and tax consulting of companies from trade (including retail), construction, food and beverages production sectors.
- Implementation of accounting tool and automation of accounting.
- Accounting of manufacturing companies.
- Consulting clients as CFO.
- Interim CFO mandates.
- Languages: RU, EN, DE.

### External presence:

- Speaker at committees, working groups of AHK and quality partners' seminars.



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# Tatyana Nuridinova.

## Member of the Management Team, Finance Team Leader

- IFRS reporting, international GAAP reporting.
- Recovery of commercial and tax accounting.
- Representation in tax authorities.
- 1C / other software (e.g. SAP) data interchange development, analysis, optimization.
- Import / export operations.
- Accounting software implementation and maintenance in production.
- Accounting processes optimization.
- Financial statement analysis.
- Bilateral, multilateral, chain deals analysis, optimization, development.
- Localization structure development.
- Finance, accounting, tax due diligence, treasury, hedging.
- 2 colleagues under supervision.
- Languages: RU, EN.

### External presence:

- Speaker at committees quality partners' seminars.



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# Irina Saadueva.

## Member of the Management Team, VP Legal & Tax

- Manages the legal Department of the company in Moscow and St. Petersburg.
- Specializes in projects for localization of production in Russia, especially German, Swiss and Italian companies in the field of automotive, chemical production and pharmaceuticals.
- Expert in contract law with a focus on contractual manufacturing agreements, license agreements, distribution contracts.
- Irina has eight years of experience in international companies in Russia, especially in the field of consulting services.
- Dipl. Lawyer with specialization on contract law, family and inheritance law, graduated from law faculty of Humboldt University of Berlin (Germany).
- 3 colleagues under supervision in both legal and tax.
- Languages: RU, EN, DE, ITA.

### External presence:

- Coordinator of the subdivision in St. Petersburg of Association of Italian Business in Russia - GIM Unimpresa.
- Speaker at committees and quality partners' seminars.



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# Services overview.

- business set-up
- legal consulting
- tax compliance & consulting
- accounting, payroll & reporting
- HR consulting, coaching, personnel development, HR audits
- recruiting
- interim or long-term management
- support of localisation of manufacturing
- import & trade
- IT support
- internal audit

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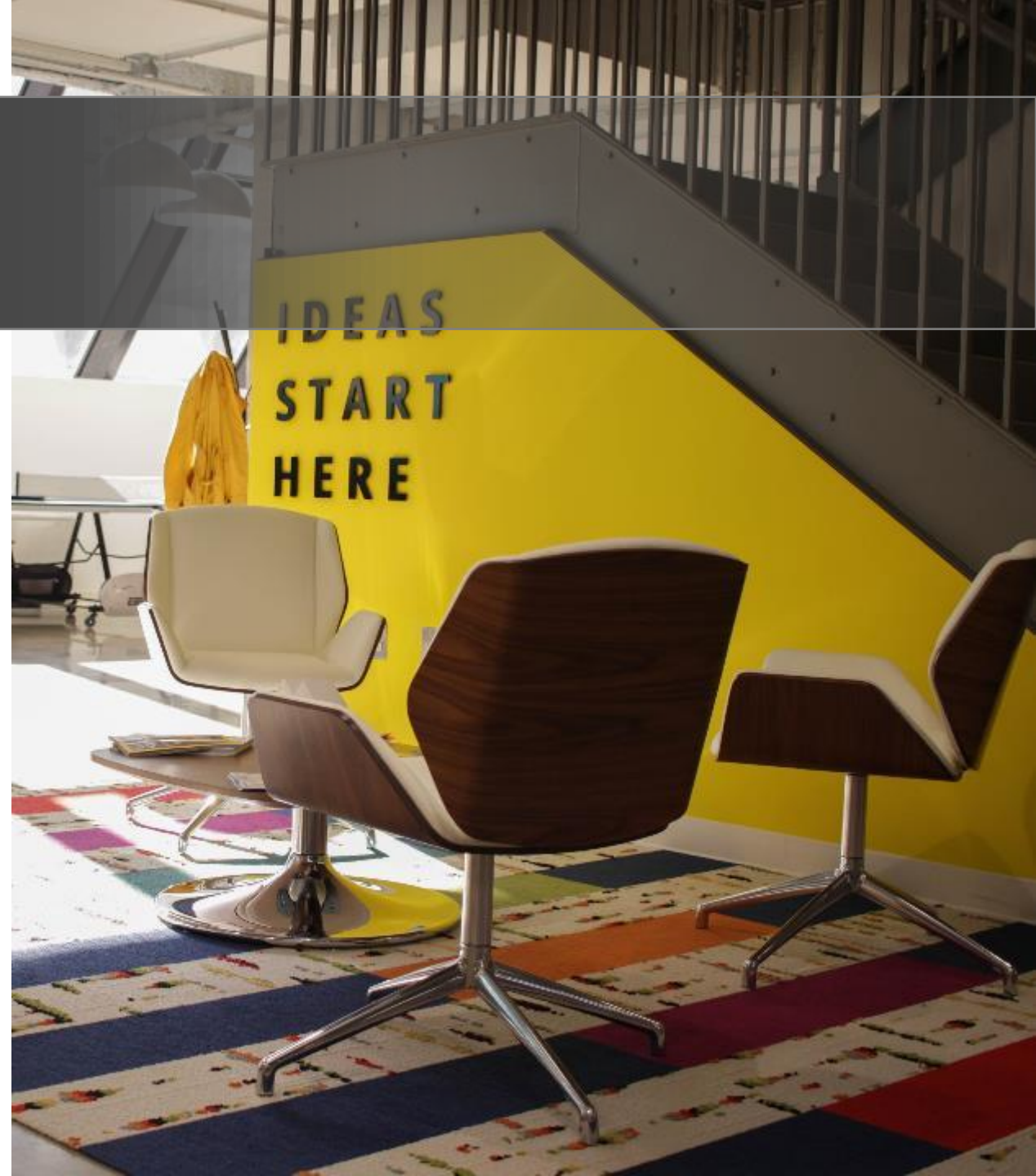




# Business set up.

- market research
- structuring advisory / optimal structuring
- registration of legal entity
- bank accounts opening
- expat consulting
- general business advisory
- recruiting of personnel
- office sublease or office search
- organisation of processes in banking, tax, migration, HR

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# Legal and tax services.

- corporate law
- contract law
- labour law
- migration law
- license law
- compliance
- tax consulting
- tax structuring
- tax optimisation
- transfer pricing

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# Accounting, payroll, tax compliance.

- full or partial accounting outsourcing, with modular solutions
- chief accountant outsourcing
- reporting to state authorities
- reporting to HQ according to internal guidelines
- communication with tax authorities / other authorities
- consulting in accounting, payroll & tax

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# Business representation.

- office sublease
- legal address
- business address
- business representatives
- business process & back office outsourcing
- outsourcing of management positions

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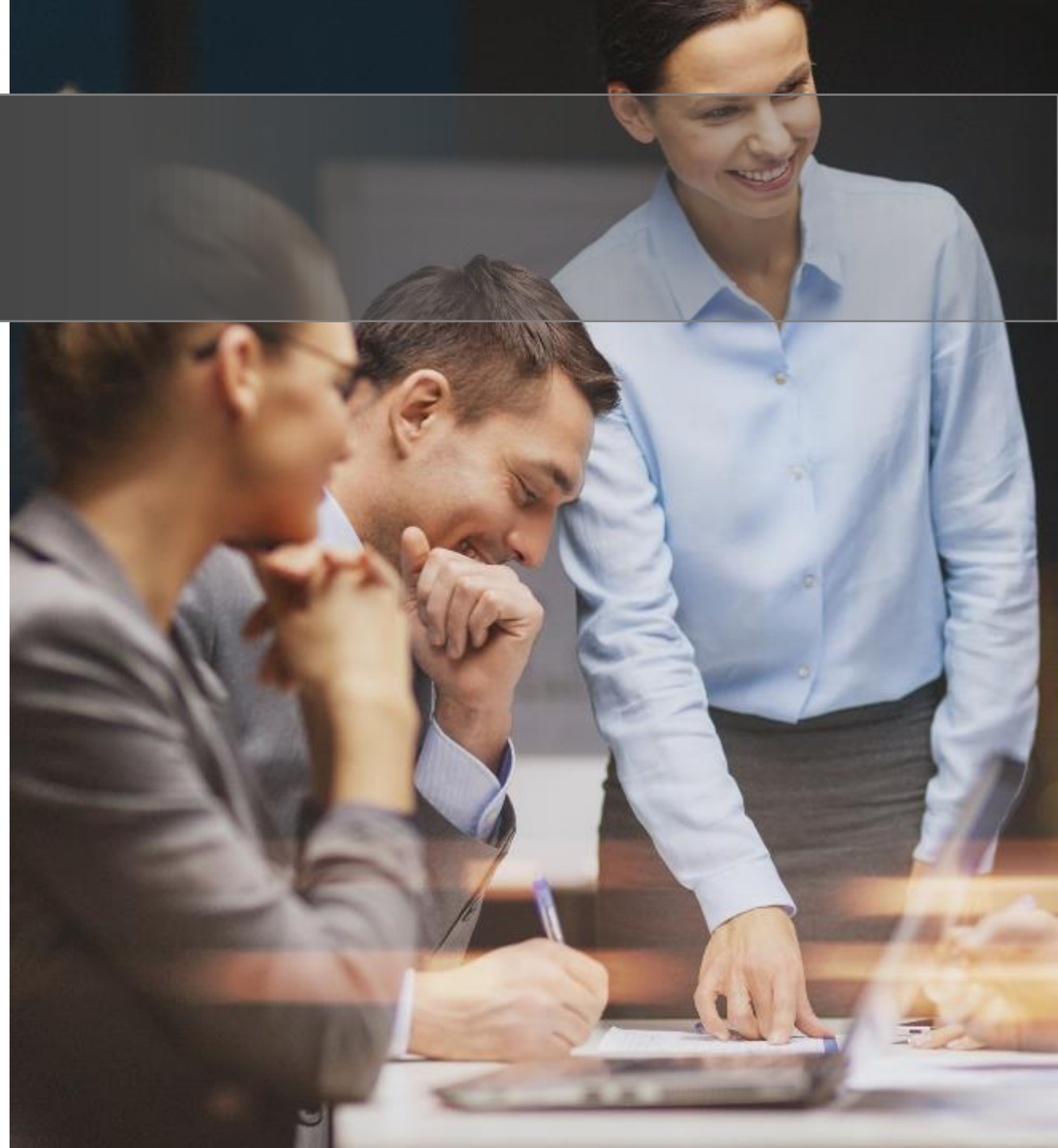


# HR & personnel.

- HR & payroll audits
- HR director outsourcing
- personnel development
- coaching
- labour law consulting
- recruiting
- leadership skills seminars
- lean management seminars
- internal rules & regulations
- support before/during/after labour inspections
- hiring & dismissal

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# Interim or long-term management.

- general director outsourcing
- CFO outsourcing
- chief accountant outsourcing
- HR director / HR manager outsourcing
- board of directors representation
- outstaffing of personnel
- company management ad interim or long-term
- general business consulting

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# Localisation of manufacturing.

- location search
- legal support: foundation, purchase, registration, business partner check
- contract manufacturing agreement
- shareholder agreement, JV agreement, licence agreement
- import support
- Compliance with localisation requirements
- communication with authorities
- interim management, support by experienced industrial managers

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# Our clients.





# Memberships.

**INTEGRA**  **INTERNATIONAL®**  
YOUR GLOBAL ADVANTAGE



Association  
of European  
Businesses

Joint Chamber  
of Commerce  
JCC



Switzerland

Russia · Ukraine · Belarus · Moldova  
Kazakhstan · Uzbekistan · Turkmenistan  
Kyrgyzstan · Tajikistan · Afghanistan  
Azerbaijan · Georgia · Armenia



Deutsch-Russische  
Auslandshandelskammer  
Российско-Германская  
внешнеторговая палата



# Contacts.

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Office 5-05  
115432 Moscow**

## **St. Petersburg office**

**Business Centre Nevsky Plaza  
Nevsky Prospekt 55  
Office 4.03  
191025 St. Petersburg**



# Quality partners' webinars series.

- **14 SEP 2020**  
Taxation in Russia – Corporate income tax, VAT, other taxes
- **30 SEP 2020**  
Accounting & reporting
- **14 OCT 2020**  
Transfer pricing – overview, experience

# Quality partners' webinars series.

- Registration of legal entities; LLC, rep. Office, branch office
- General director, board of directors
- Legal address, 1-1-1 rule
- Financing of a legal entity
- Import solutions
- HR issues, hiring, internal documents
- Labour safety measures in office practice, office solutions, flex desk
- Remote work from a legal standpoint
- Remote control of employees
- Migration issues, work permit, visa
- Cultural differences Russia vs. west
- HR Trends 2020/21, labour market overview



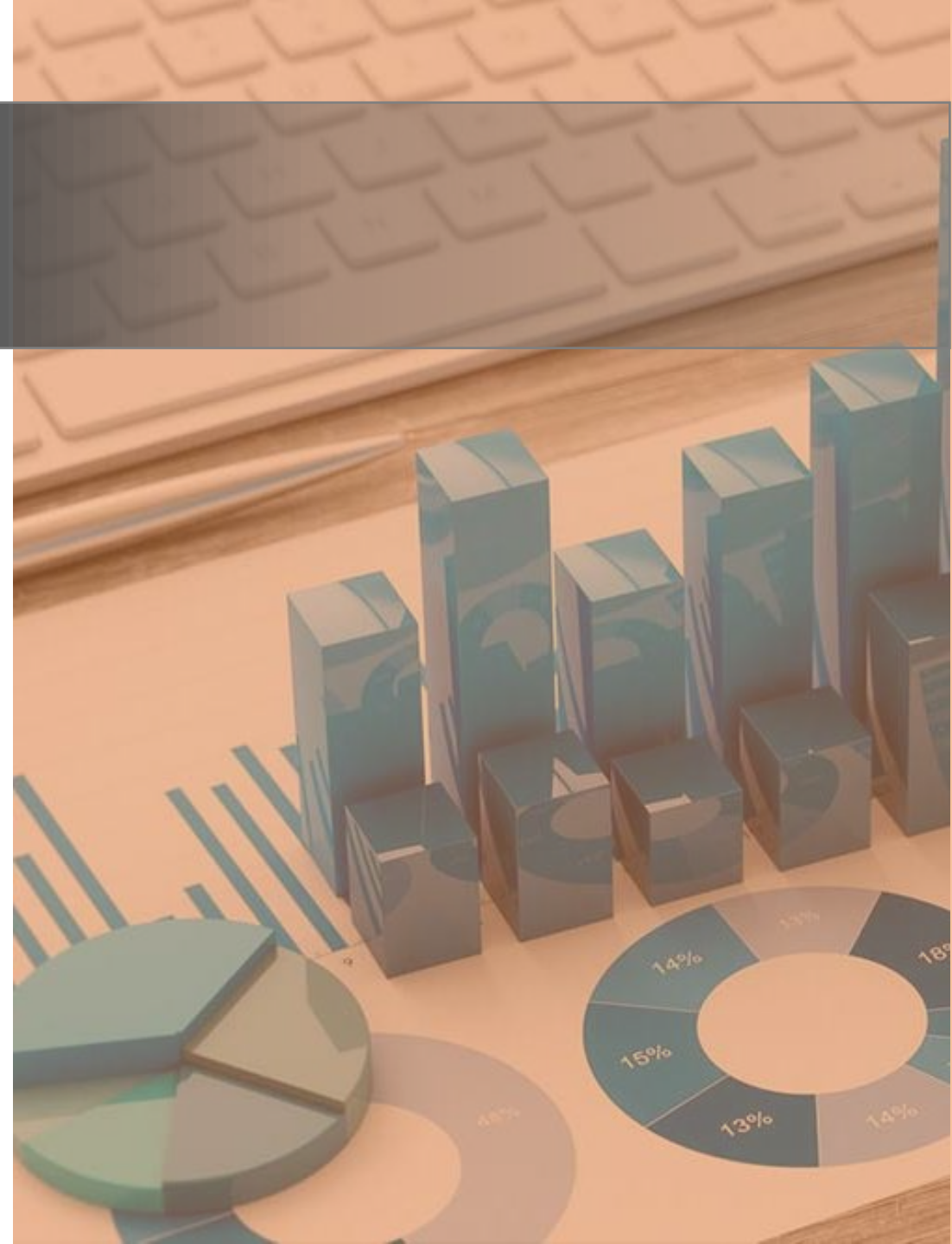
# Quality partners' webinars series.

- Royalties, trademarks, IP protection
- Licences, sublicences agreements
- Distribution concepts
- Sanctions overview, sanctions checks
- Sanctions clauses in agreements in practice
- Due diligence – finance, tax, legal
- Typical corruption schemes to be aware of
- Currency controls regulations
- Local manufacturing – what does it mean in practice?

# Content.

- Overview
- Reporting
- Profit tax
- VAT
- Personal income tax
- Social contributions
- Permanent tax establishment
- Issues with tax authorities
- Current issue: double taxation treaties

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# Overview.

- **Profit tax**

20% (15%, 6%,....., other); usage of losses carried forward

- **VAT**

20%, 10%, 0%

- **Property tax**

max 2.2%

- **Personal income tax**

13%, 30%

- **Social contribution**

30% / 27.1% / 15.1% / 15% flat / other

# Reporting to authorities.

## Payroll reporting

	Authority	Periodicity
list of employees (social insured persons): SZV-M form	pension fund	monthly
list of employees (social insured persons): SZV-TD form	pension fund	monthly
information about work experience of employees (social insured persons)	pension fund	yearly
confirmation on business activities types and tariffs for contributions of social insurance against accidents at work and occupational diseases	social insurance fund	yearly
report on accrued and paid contributions of social insurance against accidents at work and occupational diseases: 4-FSS	social insurance fund	quarterly
<b>social contributions report</b>	<b>tax office</b>	<b>quarterly</b>
<b>average number of employees</b>	<b>tax office</b>	<b>yearly</b>
<b>personal income tax report: 6-NDFL</b>	<b>tax office</b>	<b>quarterly</b>
<b>report on income paid to employee and withheld PIT: 2-NDFL</b>	<b>tax office</b>	<b>yearly</b>
<b>report on income paid to employee and NOT withheld PIT: 2-NDFL</b>	<b>tax office</b>	<b>yearly</b>
notification about salary amounts paid to HQS (highly qualified specialists)	federal migration service	quarterly



# Reporting to authorities.

<b>Tax reporting</b>	<b>Authority</b>	<b>Periodicity</b>
VAT report	tax office	quarterly
profit tax return	tax office	qt-ly (m-ly*)
report on income paid to foreign companies and withheld tax on income	tax office	qt-ly (m-ly*)
property tax	tax office	quarterly
vehicle tax	tax office	yearly
land tax	tax office	yearly
water tax return	tax office	quarterly
notification about controlled deals (ic-transactions)	tax office	yearly
notification about being a part of an MNE	tax office	yearly
report about activity	tax office	yearly

# Reporting to authorities.

## Financial reporting

year end reporting package: balance sheet, P&L, capital movement report, cash flow, explanatory notes to B/S, P&L

Authority

periodicity

tax office

yearly

auditors' opinion (in case of obligatory audit)

statistics office

yearly

auditors' opinion (in case of obligatory audit)

Fedresurs

yearly

## Other reporting\*\*

report of movements of goods (for export deals within EEU)

federal customs service

monthly

report on calculation of levy for negative environmental impact

env. protection office

yearly

pollution levy for manufacturers and importers of goods: report on the quantity of produced / imported goods

env. protection office

yearly

pollution levy for manufacturers and importers of goods: report on performance of recycling rates

env. protection office

yearly

report on calculation of pollution levy for manufacturers and importers of goods

env. protection office

yearly

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# Profit tax.

- 20% rate; simplified taxation; special tax regimes
- Quarterly (monthly) submission, quarterly (monthly) payments

## Deductible costs

- Some provisions, like warranty reserves, in part unused vacations, bad debt
- Partial one-time depreciation of 10-30%
- Interest paid on loans for goods purchase (not capitalised)

## Specific limits

- Advertising expenses 1% of sales
- Entertainment expenses 4% of payroll costs
- Life/pension insurance costs 12% of payroll costs
- Health insurance costs 6% of payroll costs
- Bad debt allowance 10% of turnover
- **If undercapitalised, no interest costs (“hidden dividend”)**

# Profit tax.

## Pre-registration costs

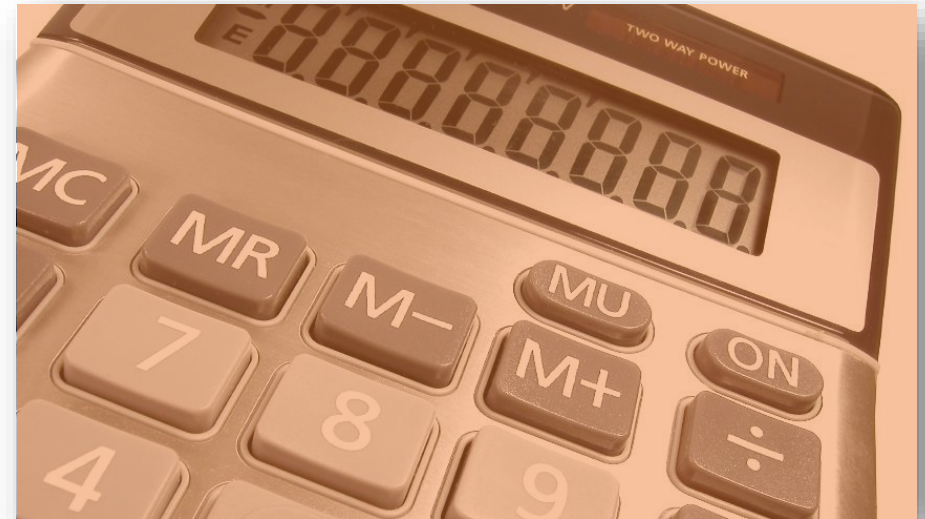
- Not tax-deductible

## Centralised services

- %-share of costs is not acceptable in RU
- International information exchange works

## Transfer pricing

- 60 mio. RUR
- Notification, documentation
- Automatic information exchange
- Profit tax base adjustments possible



# VAT.

- 20% / 10% / 0%
- Quarterly VAT declarations
- Usually simplified tax audit in case of VAT reimbursement
- Simplified taxation system: no VAT payers



# VAT.

## Import VAT

- To be paid when goods cross the border
- Declared/Reimbursed when exported / used / sold

## Export VAT

- 0%

## VAT on services

- Place of realisation on buyer's / seller's side?
- Cross-border VAT losses possible



# VAT.

## VAT on electronic services

- Foreign entities offering electronic services in RU are to register for VAT purposes
- Online sales of goods, sales of software licences, databases on tangible storage
- Consulting services via email
- Internet access services
- VAT recovery by the Russian clients

# VAT.

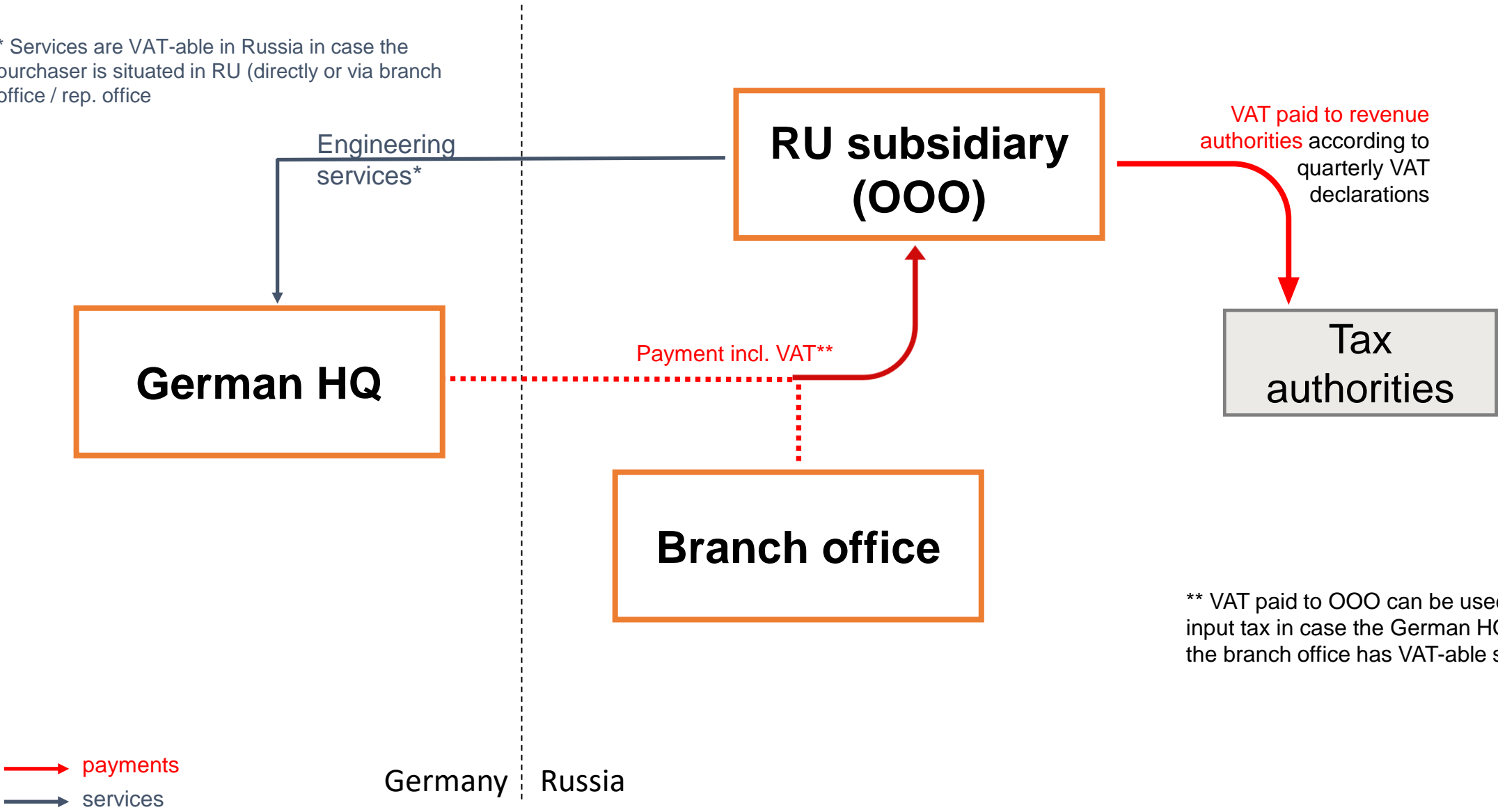
## Services provided by Russian subsidiary to HQ and vice versa

- VAT-able services or not
  - Place of realisation
- Who sells to whom?
- Is there a rep. Office or not?



# Sales to HQ – with a parallel branch office in RU

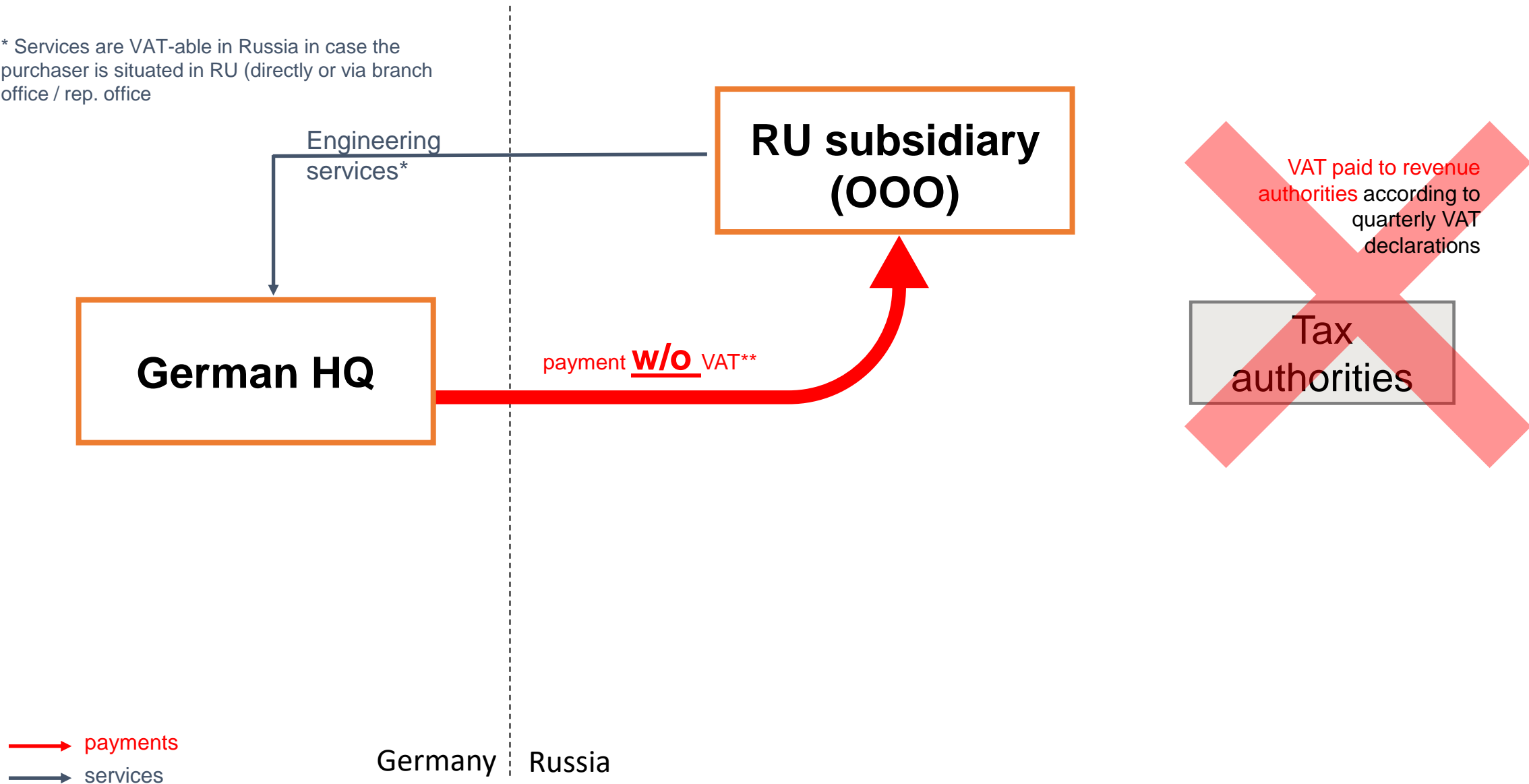
\* Services are VAT-able in Russia in case the purchaser is situated in RU (directly or via branch office / rep. office)



\*\* VAT paid to OOO can be used as input tax in case the German HQ via the branch office has VAT-able sales

# Sales to HQ – branch office closed

\* Services are VAT-able in Russia in case the purchaser is situated in RU (directly or via branch office / rep. office)



# Personal income tax.

- 13% flat
- 13% / 15% flat as of 2021
- 30% non-tax residents
- 13% HQS (30% on non-core income)

## Partly taxable

- Daily allowances
- Certain incentives

## Tax residence

- 183 days
- Soon 90 days / life centre approach ?





# Social contributions.

## Normal rates

- 30% up to contribution ceilings (1,292,000 / 912,000)
- 15.1% above
- 0.2% - 8% accident insurance

## SMEs

- 15% flat
- 0.2% - 8% accident insurance

## IT companies

- 28% up to contribution ceilings
- 4% above
- 0.2% accident insurance

# Permanent establishment.

## General obligation for registration

- 30 days
- Fixed working space

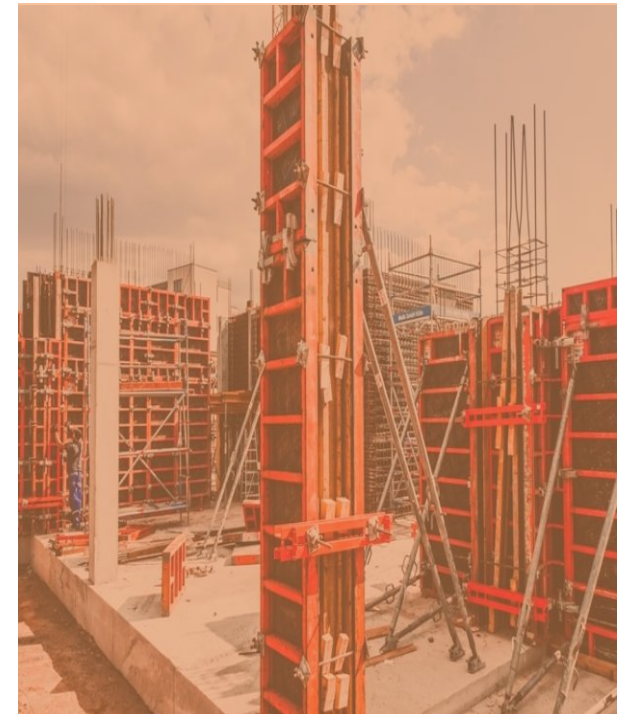
## Permanent establishment

- «regular activities»
- Profit tax impact
- Simple deliveries do not lead to PEs
- Examples: assembly supervision, regular teaching, head of rep. office has PoA to sign agreements/does it

# Permanent establishment.

## Special case: construction site

- 12 months
- Profit taxes to be paid on the whole project, since inception
- Connected to real estate
- Assembly works, repair works, renovation works
- In case of machinery: if they require a fixation to the ground
- Does not include: supervision of works
- Interruptions are not deducted





# Issues with tax authorities.

## Informal communication

- Please reduce your loss / change it into a profit
- Please do not claim your VAT
- Loss commission.
- We will check you!

## Budget fulfilment

- Internal goals have to be reached

## Final beneficiaries

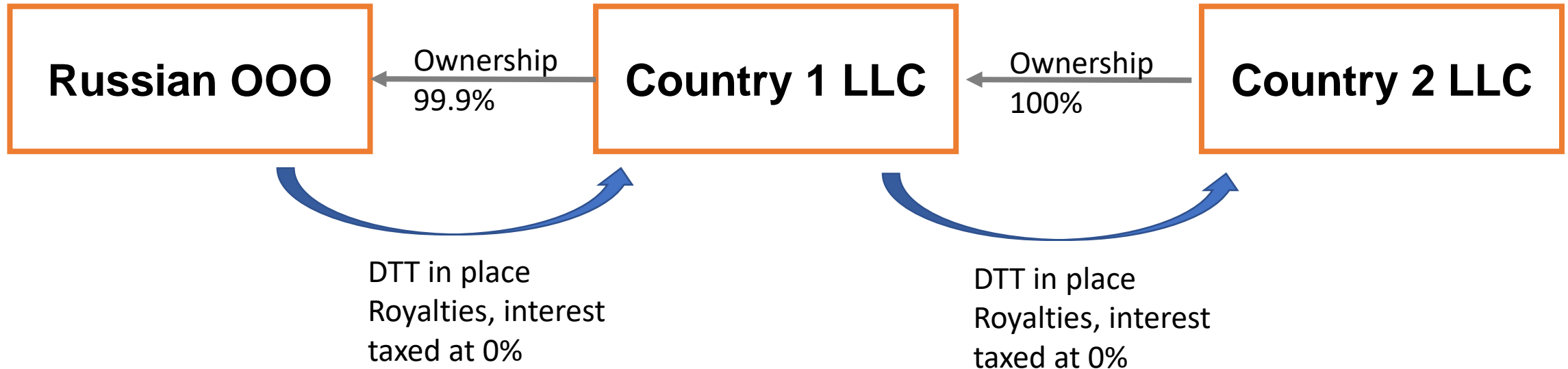
- Chains are followed up to the end



# Issues with tax authorities.

**Final beneficiary**

NO DTT in place  
Royalties /interest taxed at 20%



# Current issue: DTT.

## Corona speech in April 2020

- Avoid profit shifting into tax havens
- Adjust or terminate agreements
- CY: new agreement signed, changes to preferential dividend taxation

**TAX  
TREATY**